

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: AVOIDED COSTS	DOCKET NO. INU-2014-0001
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**ORDER INITIATING INVESTIGATION AND REQUIRING ADDITIONAL
INFORMATION AND TECHNICAL WORKSHOP**

(Issued April 22, 2014)

On January 14, 2014, Interstate Power and Light Company (IPL), MidAmerican Energy Company (MidAmerican), the Consumer Advocate Division of the Department of Justice (Consumer Advocate), and the Environmental Law and Policy Center, and the Iowa Environmental Council (ELPC/IEC) each filed with the Utilities Board (Board) a request for investigation regarding various aspects of IPL's and MidAmerican's avoided costs of electricity. Avoided costs are used as the basis for determining cost-effectiveness of investor-owned utilities' energy efficiency plans and in determining qualifying facility (QF) rates pursuant to the Public Utilities Regulatory Policies Act of 1978 (PURPA). Avoided costs have been addressed in various dockets, most recently in IPL's and MidAmerican's energy efficiency plan proceedings. Although there was some agreement on some avoided cost issues in those dockets, particularly with respect to avoided costs for energy efficiency purposes, there was no consensus on QF avoided cost issues.

The topics for an investigation suggested by IPL, MidAmerican, Consumer Advocate, and ELPC/IEC cover a broad range of potential issues, including the merits of the avoided cost calculation methodologies used by IPL and MidAmerican, the pros and cons of a uniform avoided cost methodology that would apply to energy efficiency and QF rates, the transparency of avoided cost methodologies, and the operation and output of various avoided cost software programs available.

While MidAmerican and IPL have provided narrative descriptions of their avoided cost methodologies, there is little information showing how the various inputs for avoided cost calculation are acquired or assembled and calculated. As a first step in the Board's investigation, Board staff must have detailed information about the avoided cost models used by MidAmerican and IPL. Additional descriptive materials will be useful but the Board believes that the best way for obtaining information on the avoided cost methodologies is through an interactive forum where Board staff and all those who requested the avoided cost investigation can view the information and interact with utility staff familiar with the models.

The Board will require IPL and MidAmerican to conduct one-day workshops for presentation and discussion of each utility's avoided cost modeling methods and software, with the focus of the workshop being on the technical details of the avoided cost models. At least ten days prior to the scheduled workshops, IPL and MidAmerican will be required to file written information or manuals providing details of their respective models, supported by spreadsheets or other available information.

IPL and MidAmerican may propose a common workshop over two days or, if the workshops are to be separate, the Board would prefer a sequential set of one-day workshops in one location. IPL and MidAmerican are to schedule the workshops such that they are completed by June 13, 2014. IPL and MidAmerican are also to arrange a conference call with Board staff and those who filed requests for an investigation to discuss dates and logistics. The Board's contact for this investigation is Gordon Dunn, Utility Specialist. Mr. Dunn can be reached at 515-725-7314 or gordon.dunn@iub.iowa.gov

After the workshops are completed, the Board will determine what additional steps are required to continue the investigation. It is likely that comments will be solicited and additional workshops held on various topics, such as the feasibility of common methodologies and transparency of methodologies.

IT IS THEREFORE ORDERED:

1. The Board opens this docket, identified as Docket No. INU-2014-0001, to initiate an investigation into investor-owned electric utilities' avoided cost methodology.
2. IPL and MidAmerican shall provide additional information, schedule a workshop or workshops to address modeling methods and software, and initiate a

conference call to discuss logistics of the workshop or workshops, as described in the body of this order.

UTILITIES BOARD

/s/ Elizabeth S. Jacobs

/s/ Nick Wagner

ATTEST:

/s/ Joan Conrad
Executive Secretary

/s/ Sheila K. Tipton

Dated at Des Moines, Iowa, this 22nd day of April 2014.